



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
Director of Insurance

TO: Health Care Providers of Premier Healthcare, Inc. d.b.a. Premier Healthcare of Arizona (Premier)

FROM: Charles R. Cohen
Director of Insurance

DATE: November 19, 1999

RE: **Receivership of Premier**

As most of you know, on November 16, 1999, Premier was declared insolvent and I was appointed its Receiver. As of that date, my receivership team took over management and control of Premier. You should already have received information from Mark Tharp, the Special Deputy Receiver, explaining the effects of the Receivership. I am corresponding with you directly because the way you react to this receivership will have a direct bearing on whether your patients who are Premier enrollees will suffer any lapse of effective health insurance coverage as a result of this insolvency.

Many of you claim that Premier owes you payment for services rendered to Premier enrollees prior to November 16, 1999. Part of what occurs in this receivership will be to evaluate those claims and pay them to the extent they are justified and to the extent there are assets available to pay them. We will communicate with you further about resolving those issues.

Today, I am asking for your cooperation, for a short period and in a way that will not prejudice your claims for payment for past services, to ease the trauma of this insolvency for Premier's enrollees.

My immediate concern is to make a fast and orderly transition of Premier enrollees to other health insurance coverage. According to Arizona law, Premier has a Plan for Risk of Insolvency which is required to be sufficient to finance continuation of benefits for 60 days after the date of insolvency (November 16, 1999), or until the coverage in question expires, whichever is longer. Premier's Plan for Risk of Insolvency is funded through reinsurance coverage from a sound and substantial reinsurer. Consequently, it is important for you to know that claims for services rendered after the receivership commenced (after November 16, 1999) will be processed and paid per your contract.

Having said that, I must inform you that there is a finite amount of reinsurance coverage available. Whether that coverage is ultimately sufficient to finance the entire duration of the Plan for Risk of Insolvency depends largely on developments after November 16, 1999. We will notify you if we reach the point where we do not expect to be able to compensate you for any further services rendered. Until then, your willingness to work with Premier is crucial to Premier's enrollees. If you have terminated or are considering terminating your contract with Premier, or if you decline to render service to Premier enrollees while you remain under contract, it will be more costly for Premier to meet its coverage obligations, and will exhaust the reinsurance coverage sooner. That makes it more likely that Premier enrollees will be effectively without any coverage for some period before they can be transitioned to other coverage.

This period of continuing to provide coverage to Premier enrollees while in receivership will be brief. Our goal is to transition all Premier enrollees to other coverage within 30 to 60 days. Then, we can turn to the issue of resolving claims for services rendered before November 16, 1999. Your cooperation can make all the difference to your patients covered by Premier, by helping extend the period after November 16, 1999 during which Premier has the wherewithal to pay you for continuing to provide care to those patients.

If you have any questions, please contact Premier at 1-(888) 774-3320 or 1-(520) 519-2554. There may be a high volume of inquiries, so we will appreciate your patience.

I know you want to do what is best for your patients. Thank you in anticipation of your cooperation.